

PUBLIC INSTRUCTION

Budget Summary							
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$9,638,365,000	\$9,684,568,500	\$9,754,978,900	\$9,754,978,900	\$9,759,659,300	\$121,294,300	1.3%
FED	836,912,000	1,122,518,400	1,113,676,800	1,113,676,800	1,113,676,800	276,764,800	33.1
PR	82,897,000	91,447,300	83,833,900	83,833,900	82,333,900	- 563,100	- 0.7
SEG	<u>60,700,400</u>	<u>196,840,700</u>	<u>163,054,200</u>	<u>163,054,200</u>	<u>163,054,200</u>	<u>102,353,800</u>	168.6
TOTAL	\$10,618,874,400	\$11,095,374,900	\$11,115,543,800	\$11,115,543,800	\$11,118,724,200	\$499,849,800	4.7%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	290.72	271.52	271.72	271.72	271.72	- 19.00
FED	270.79	264.54	265.79	265.79	265.79	- 5.00
PR	80.37	76.47	76.02	76.02	76.02	- 4.35
SEG	<u>0.00</u>	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	641.88	613.53	613.53	613.53	613.53	- 28.35

Budget Change Items

General School Aids and Revenue Limits

1. STATE SUPPORT FOR ELEMENTARY AND SECONDARY EDUCATION [LFB Paper 605]

Governor: Increase the total appropriated for general and categorical school aids from \$4,775,182,200 in 2002-03 to \$4,775,773,700 in 2003-04 and \$4,800,475,100 in 2004-05. Compared to the 2002-03 base year, school aids would increase by \$591,500 in 2003-04 and \$25,292,900 in 2004-05 (or \$24,701,400 in 2004-05 over the 2003-04 recommended level). These proposed funding levels would represent annual increases over the prior year of 0.01% in 2003-04 and 0.5% in 2004-05.

Under current law, state funding for support of K-12 education is defined as the sum of state general and categorical school aids, the school levy tax credit and the general program operations appropriation for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing and the Wisconsin Center for the Blind and Visually Impaired. Using this definition, the bill would decrease state funding from the base amount of \$5,254,400,400 in 2002-03 to \$5,254,158,900 in 2003-04 and increase it to \$5,278,860,300 in 2004-05. These funding levels would represent a decrease of 0.005% in 2003-04 and an increase of 0.47% in 2004-05 over the prior year funding levels.

Joint Finance/Legislature: Increase the total amount appropriated for general and categorical school aids to \$4,807,882,500 in 2003-04 and \$4,859,056,600 in 2004-05. Compared to the Governor's recommendations, school aids would increase by \$32,108,800 in 2003-04 and \$58,581,500 in 2004-05. Compared to the 2002-03 base year, school aids would increase by \$32,700,300 in 2003-04 and \$83,874,400 in 2004-05 (or \$51,174,100 in 2004-05 over the 2003-04 recommended level). These proposed funding levels would represent annual increases over the prior year of 0.7% in 2003-04 and 1.1% in 2004-05.

Under the current law definition of state funding for support of K-12 education, these provisions would increase state funding to \$5,286,264,300 in 2003-04 and \$5,337,438,400 in 2004-05. These funding levels would represent increases over the prior year of 0.61% in 2003-04 and 0.97% in 2004-05.

Veto by Governor [A-8]: As a result of vetoing the aid for mentors appropriation, state support for K-12 education would be reduced by \$1,500,000 PR in 2004-05.

Under the Act 33 provisions, funding for general and categorical aids will increase to \$4,807,882,500 in 2003-04 and \$4,857,556,600 in 2004-05. Compared to the 2002-03 base year, school aids would increase by \$32,700,300 in 2003-04 and \$82,374,400 in 2004-05 (or \$49,674,100 in 2004-05 over the 2003-04 level). These funding levels represent annual increases over the prior year of 0.7% in 2003-04 and 1.0% in 2004-05.

State funding for support of K-12 education would increase to \$5,286,264,300 in 2003-04 and \$5,335,938,400 in 2004-05 under Act 33. These funding levels would represent increases over the prior year of 0.61% in 2003-04 and 0.94% in 2004-05. A summary of the funding amounts for state support under the recommendations of the Governor, Joint Finance and the Legislature, and the provisions of Act 33 are presented in Table 1.

TABLE 1

State Support for K-12 Education

	2002-03 Base Year	Governor		Jt. Finance/Legislature		Act 33	
		<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
State Funding:							
General School Aids	\$4,200,945,900	\$4,240,945,900	\$4,260,945,900	\$4,273,145,900	\$4,317,545,900	\$4,273,145,900	\$4,317,545,900
Categorical Aids	574,236,300	534,827,800	539,529,200	534,736,600	541,510,700	534,736,600	540,010,700
School Levy Tax Credit	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000
State Residential Schools	<u>9,913,200</u>	<u>9,080,200</u>	<u>9,080,200</u>	<u>9,076,800</u>	<u>9,076,800</u>	<u>9,076,800</u>	<u>9,076,800</u>
Total	\$5,254,400,400	\$5,254,158,900	\$5,278,860,300	\$5,286,264,300	\$5,337,438,400	\$5,286,264,300	\$5,335,938,400
Change to Prior Year							
Amount		-\$241,500	\$24,701,400	\$31,863,900	\$51,174,100	\$31,863,900	\$49,674,100
Percent		-0.005%	0.47%	0.61%	0.97%	0.61%	0.94%
Change to Base							
Amount		-\$241,500	\$24,459,900	\$31,863,900	\$83,038,000	\$31,863,900	\$81,538,000
Percent		-0.005%	0.466%	0.61%	1.58%	0.61%	1.55%

Table 2 provides an outline of state support for K-12 education by individual fund source.

TABLE 2

State Support for K-12 Education by Fund Source

	2002-03 Base Year	Governor		Jt. Finance/Legislature		Act 33	
		<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
GPR							
General School Aids	\$4,200,945,900	\$4,200,945,900	\$4,200,945,900	\$4,233,145,900	\$4,257,545,900	\$4,233,145,900	\$4,257,545,900
Categorical Aids	528,851,500	492,170,900	493,441,500	492,442,000	494,190,900	492,442,000	494,190,900
School Levy Tax Credit	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000
State Residential Schools	<u>9,913,200</u>	<u>9,080,200</u>	<u>9,080,200</u>	<u>9,076,800</u>	<u>9,076,800</u>	<u>9,076,800</u>	<u>9,076,800</u>
GPR Subtotal	\$5,209,015,600	\$5,171,502,000	\$5,172,772,600	\$5,203,969,700	\$5,230,118,600	\$5,203,969,700	\$5,230,118,600
PR							
Categorical Aids	6,841,100	5,333,500	5,333,500	4,971,200	6,565,600	4,971,200	5,065,600
SEG							
General School Aids	\$0	\$40,000,000	\$60,000,000	\$40,000,000	\$60,000,000	\$40,000,000	\$60,000,000
Categorical Aids	<u>38,543,700</u>	<u>37,323,400</u>	<u>40,754,200</u>	<u>37,323,400</u>	<u>40,754,200</u>	<u>37,323,400</u>	<u>40,754,200</u>
SEG Subtotal	\$38,543,700	\$77,323,400	\$100,754,200	\$77,323,400	\$100,754,200	\$77,323,400	\$100,754,200
Total State Support --							
All Funds	\$5,254,400,400	\$5,254,158,900	\$5,278,860,300	\$5,286,264,300	\$5,337,438,400	\$5,286,264,300	\$5,335,938,400

Table 3 presents the Act 33 funding levels for each general and categorical school aid program as compared to the 2002-03 base funding level. The provisions relating to individual school aid programs are summarized in the items that follow.

TABLE 3
General and Categorical School Aid by Funding Source
Act 33 Compared to 2002-03 Base Year

Agency	Type and Purpose of Aid	2002-03 Base Year	Act 33		2003-05 Change Over Base Year Doubled	
			2003-04	2004-05	Amount	Percent
DPI	General School Aid -- GPR Funded					
	Equalization Aid	\$4,200,945,900	\$4,233,145,900	\$4,257,545,900	\$88,800,000	1.1%
	General School Aid -- SEG Funded					
	Equalization Aid -- Transportation Fund	0	40,000,000	60,000,000	100,000,000	N.A.
	Total General School Aid -- All Funds	\$4,200,945,900	\$4,273,145,900	\$4,317,545,900	\$188,800,000	2.2%
DPI	Categorical Aid -- GPR Funded					
	Special Education	\$315,681,400	\$316,466,900	\$320,771,600	\$5,875,700	0.9
	Student Achievement Guarantee in Education (SAGE)	90,290,600	90,290,600	90,290,600	0	0.0
	SAGE - Supplement	4,739,000	4,739,000	4,739,000	0	0.0
	SAGE - Debt Service	300,000	300,000	300,000	0	0.0
	Pupil Transportation	17,742,500	17,742,500	17,742,500	0	0.0
	Tuition Payments/Open Enrollment Transfer	9,741,000	9,741,000	9,741,000	0	0.0
	Bilingual-Bicultural Education	8,291,400	8,291,400	8,291,400	0	0.0
	P-5 Grants	7,353,700	7,353,700	7,353,700	0	0.0
	Alternative Education Grants	5,000,000	5,000,000	5,000,000	0	0.0
	Grants for AODA Prevention and Intervention	4,520,000	4,520,000	4,520,000	0	0.0
	Driver Education	4,304,700	3,804,700	0	-4,804,700	-55.8
	School Lunch	4,371,100	4,371,100	4,371,100	0	0.0
	County Children with Disabilities Education Boards	4,214,800	4,214,800	4,214,800	0	0.0
	Head Start Supplement	3,712,500	3,712,500	3,712,500	0	0.0
	Children at Risk	3,500,000	3,500,000	3,500,000	0	0.0
	School Breakfast	1,055,400	1,055,400	1,055,400	0	0.0
	School Day Milk	710,600	710,600	710,600	0	0.0
	Aid for Transportation - Open Enrollment	500,000	500,000	500,000	0	0.0
	Peer Review and Mentoring	500,000	500,000	500,000	0	0.0
	Aid for Cooperative Educational Service Agencies	300,000	300,000	300,000	0	0.0
	Supplemental Aid	125,000	125,000	125,000	0	0.0
	Aid for Transportation - Youth Options Program	20,000	20,000	20,000	0	0.0
TEACH	Educational Technology Block Grants	35,000,000	0	0	-70,000,000	-100.0
	Educational Technology/Training Assistance	4,000,000	0	0	-8,000,000	-100.0
	Debt Service on Technology Infrastructure Bonding	2,877,800	5,182,800 *	6,431,700 *	5,858,900	101.8
	Total Categorical Aid -- GPR Funded	\$528,851,500	\$492,442,000	\$494,190,900	- \$71,070,100	- 6.7%
DPI	Categorical Aid -- PR Funded					
	Head Start Supplement	\$3,712,500	\$3,500,000	\$3,500,000	-\$425,000	-5.7%
	Alcohol and Other Drug Abuse	1,498,600	1,471,200	1,565,600	39,600	1.3
	Aid to Milwaukee Public Schools	1,410,000	0	0	-2,820,000	-100.0
	Alternative School American Indian	220,000	0	0	-440,000	-100.0
	Total Categorical Aid -- PR Funded	\$6,841,100	\$4,971,200	\$5,065,600	-\$3,645,400	-26.6%
DPI	Categorical Aid -- SEG Funded					
	School Library Aids	\$28,500,000	\$26,000,000	\$29,000,000	-\$2,000,000	-3.5%
TEACH	Educational Telecommunications Access Support	9,613,700	10,893,400	11,324,200	2,990,200	15.6
UW	Environmental Education, Forestry	400,000	400,000	400,000	0	0.0
	Environmental Education, Enviro. Assessments	30,000	30,000	30,000	0	0.0
	Total Categorical Aid -- SEG Funded	\$38,543,700	\$37,323,400	\$40,754,200	\$990,200	1.3%
	Total Categorical Aid -- All Funds	\$574,236,300	\$534,736,600	\$540,010,700	-\$73,725,300	-6.4%
	Total Aid -- All Funds	\$4,775,182,200	\$4,807,882,500	\$4,857,556,600	\$115,074,700	1.2%

*Includes \$2,119,900 in 2003-04 and \$2,098,400 in 2004-05 in federal E-rate monies that would be used for this debt service.

2. ELIMINATE STATE TWO-THIRDS FUNDING OF PARTIAL SCHOOL REVENUES
[LFB Paper 605]

Governor/Legislature: Eliminate the requirement that the state fund two-thirds of partial school revenues. Delete the related requirement under which, each year by May 15, the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to the Joint Committee on Finance an estimate of the amount necessary in the general school aids appropriation which, in combination with the amounts provided in the other specified state aid, levy credit and state residential school general program operations appropriations, would achieve two-thirds funding of partial school revenues in the following school year. Delete the requirement that the Joint Committee on Finance determine the amount appropriated for general school aids in the following school year by June 30 of every even-numbered calendar year. Also, delete the related statutory definitions of partial school revenues and state aid under the certification process.

In addition, modify the general school aids appropriation to be an annual rather than a sum-sufficient appropriation. Under current law, the general school aids appropriation is a sum-sufficient equal to the amount appropriated by law in the even-numbered fiscal years and equal to the amount determined by the Joint Committee on Finance in odd-numbered fiscal years.

[Act 33 Sections: 350 and 2042]

3. GENERAL SCHOOL AIDS FUNDING LEVEL [LFB Paper 605]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$88,800,000	\$88,800,000
SEG	<u>100,000,000</u>	<u>0</u>	<u>100,000,000</u>
Total	\$100,000,000	\$88,800,000	\$188,800,000

Governor: Provide \$40,000,000 in 2003-04 and \$60,000,000 in 2004-05 from the transportation fund in a newly-created annual appropriation for the payment of equalization aid. Specify that provisions of current law that apply to the payment of equalization aid from the current GPR appropriation would also apply to the proposed SEG appropriation. (The total amount from both the GPR and SEG appropriations would be distributed together under the equalization aid formula.) Create an exception for these SEG payments from the current law provision that requires all payments from the transportation fund to be made only on the order of the Secretary of DOT.

Joint Finance/Legislature: Specify that the transportation aid funding for equalization aid would be provided on a one-time basis in the 2003-05 biennium only, and repeal the appropriation and related provisions as of June 30, 2005. Also, provide an additional \$55,200,000 GPR in 2003-04 and \$79,600,000 GPR in 2004-05 for general school aids. In addition,

delete \$23,000,000 GPR in 2003-04 and \$23,000,000 GPR in 2004-05 attributable to the changes to four-year-old kindergarten membership summarized in the next item. The net change to funding for general school aids would be \$32,200,000 GPR in 2003-04 and \$56,600,000 GPR in 2004-05.

Veto by Governor [A-12]: Delete the June 30, 2005, repeal of the transportation fund appropriations and related provisions.

[Act 33 Sections: 8, 173, 179, 353, 852, 2007, 2033, 2034, 2036, 2037, 2038, and 2039]

[Act 33 Vetoed Sections: 8m, 173m, 179m, 353m, 852m, 2007m, 2033m, 2034m, 2036m, 2037m, 2038m, 2039m, and 9441(1f)]

4. FOUR-YEAR-OLD KINDERGARTEN MEMBERSHIP

Joint Finance/Legislature: Provide that, for revenue limit and general school aid membership purposes, pupils enrolled in a K4 program who are not considered children with disabilities would be counted as 0.25 pupil, rather than 0.5 or 0.6 under current law. Children with disabilities in a K4 program would continue to be counted as under current law. Specify that the 0.25 or 0.35 reduction in the count of pupils not considered children with disabilities would be removed from all years of the three-year rolling average under revenue limits and the proportion of general school aid, computer aid and property taxes attributable to the 0.25 or 0.35 reduction would be excluded from base revenues in the 2003-04 revenue limit calculation. It is estimated that this provision would reduce revenue limit authority by \$38 million annually.

For general school aids, the change in the definition in membership, which would take effect on the bill's effective date, would first affect aid distributed in 2004-05, because general school aids are calculated using data from the prior school year.

Delete \$23,000,000 GPR annually from general school aids related to this change, which is included in the fiscal effect shown in the preceding item.

Veto by Governor [A-1]: Delete the change to the K4 membership fraction for pupils who are not considered children with disabilities from 0.5 or 0.6 to 0.25.

[Act 33 Vetoed Sections: 2032e, 2032g, 2042v, 9141(2q), and 9341(3q)]

5. REVENUE LIMIT PER PUPIL ADJUSTMENT [LFB Paper 605]

Joint Finance/Legislature: Set the per pupil adjustment under revenue limits to \$120 in 2003-04 and \$100 in 2004-05 and in subsequent years. Under current law and the Governor's recommendations, the per pupil adjustment would be equal to approximately \$236 in 2003-04 and \$241 in 2004-05 and be adjusted for inflation in subsequent years.

Based on 2002-03 enrollment, it is estimated that this reduction in the per pupil revenue limit adjustment would reduce school district revenue limit authority by approximately \$100 million in 2003-04 and \$220 million in 2004-05. The actual change could differ from these estimates based on other factors, including changes in district enrollment or district usage of the low-revenue ceiling under the Joint Finance/Legislature provisions.

Veto by Governor [A-3]: Delete provision.

[Act 33 Vetoed Sections: 2043d, 2043h, 2043s, 2043u, 2043w, and 2043y]

6. LOW-REVENUE CEILING [LFB Paper 607]

Governor: Increase the low-revenue ceiling to \$7,400 in 2003-04 and \$7,800 in 2004-05. Under current law, any school district with base revenues per pupil for the prior school year of less than \$6,900 may increase its revenues up to the low-revenue ceiling of \$6,900 per pupil. In 2002-03, three districts were affected by the \$6,900 per pupil ceiling.

Joint Finance/Legislature: Require that a two-thirds vote of a school board would be necessary to utilize the additional revenue limit authority generated by the increased low-revenue ceiling.

Veto by Governor [A-11]: Delete requirement for a two-thirds vote of a school board to utilize the additional revenue limit authority generated by the increased low-revenue ceiling.

[Act 33 Section: 2043b]

[Act 33 Vetoed Section: 2043b]

7. PRIMARY AID HOLD HARMLESS [LFB Paper 606]

Governor: Delete the primary aid hold harmless provision of the equalization aid formula, beginning with aid paid in the 2003-04 school year.

Under current law, the equalization aid formula provides support for three levels of shared costs. The first level is for shared costs up to the primary cost ceiling of \$1,000 per member. Primary aid is calculated using a statutory guaranteed valuation of \$1,930,000 per member. State aid at the primary level is based on a comparison between a school district's equalized valuation per member and the primary guaranteed valuation; state aid will equal the amount of costs that would be funded by the missing portion of the guaranteed tax base. Under current law, every school district is guaranteed no less in total equalization aid than its primary aid amount; a district's primary aid cannot be reduced by negative aids generated at the secondary or tertiary aid levels. This feature is referred to as the "primary aid hold harmless" provision of the formula.

This bill provision would result in a redistribution of aid under the formula. Primary aid only districts that would receive less aid would remain eligible for special adjustment aid, under which a school district receives at least 85% of their prior year general school aids amount. In 2002-03, 28 districts were affected by the primary aid hold harmless. Of those 28, 15 also received special adjustment aid, and would thus have been unaffected by the bill provision had it been effective in 2002-03.

Joint Finance/Legislature: Delete provision.

8. INTERDISTRICT TRANSFER AID PROGRAM

Joint Finance/Legislature: Modify interdistrict transfer aid under the Chapter 220 program as follows: (a) specify that the membership fraction used for a sender district would be reduced from the current law 0.75 to 0.65 in 2004-05 and 0.5 in 2005-06 and each subsequent year; and (b) specify that a receiving district would be paid the lesser of the average net cost per pupil (the current law payment) or \$11,000 in 2004-05, \$10,000 in 2005-06, \$9,000 in 2006-07 and \$8,000 in 2007-08 and each subsequent year.

The proposed change in membership for sender aid from 0.75 to 0.65 would take effect in 2004-05. Because general school aids is calculated using data from the prior year, this proposed change would first affect general school aids calculated in 2005-06. Similarly, the proposed change in membership for sender aid from 0.65 to 0.50 would take effect in 2005-06, and would first affect general school aids calculated in 2006-07.

The proposed changes in membership relating to sender aid would also affect the calculation of revenue limits. Because revenue limits are calculated, in part, using data from the current year, the proposed change in membership for sender aid from 0.75 to 0.65 would first affect revenue limits in 2004-05. Similarly, the proposed change in membership for sender aid from 0.65 to 0.50 would first affect revenue limits calculated in 2005-06.

In order to qualify for interdistrict transfer aid, a school district must transfer pupils from an attendance area with a certain concentration of minority or nonminority pupil populations to another district for the purpose of improving racial balance. Under the interdistrict transfer aid program, the state provides a financial incentive to both the district which accepts the transfer (the receiving district) and the district from which the transfers came (the sending district). Interdistrict transfer aid payments are currently made to school districts in the Milwaukee metropolitan area, with MPS being the main recipient of sender aid and the suburban districts being the main receiving districts. Since interdistrict transfer aid payments are funded as a first draw from the general school aids appropriation, reduced interdistrict aid entitlements as a result of this provision would result in more aid being available for distribution statewide through the equalization aid formula.

Veto by Governor [A-7]: Delete provision.

[Act 33 Vetoed Sections: 2032m, 2032n, 2032o, 2042m, and 2042r]

9. EQUALIZATION AID ADJUSTMENT FOR DISTRICTS WITH REASSESSMENT OF TELEPHONE COMPANY PROPERTY

Joint Finance/Legislature: Modify the current law procedure for the adjustment of equalization aid after redetermination of the assessment of manufacturing property to also allow for the adjustment of equalization aid if a redetermination of the assessment of telephone company property is made after June 30, 1995, and if the school district files the request within four years of the date of the redetermination. Provide that, for past redeterminations, school districts would have four years from the effective date of the bill to file a claim under these provisions.

Under current law, if a redetermination of the assessment of manufacturing property is made, the school district in which the property is located may, within four years of the redetermination, request an adjustment in the equalization aid payment to the district. If the State Superintendent finds that the determination is final and has been filed within the relevant time period, the state pays the school district, in the subsequent fiscal year, an amount equal to the difference between the equalization aid calculations based on the original and redetermined values of the property. This payment is funded as a first draw from the general school aids appropriation.

It is expected that the Waukesha School District would be eligible for an approximate \$800,000 aid adjustment under these provisions, based on a prior redetermination of telephone company property within the school district. Other districts may be eligible for aid adjustments based on past or future redeterminations.

[Act 33 Sections: 1545b, 1545c, 2041m, and 2041r]

10. SCHOOL FINANCE COMMISSION

Joint Finance/Legislature: Create a 12-member School Finance Commission. Provide that membership of the Commission would be made up of: (a) three members appointed by the Governor; (b) one appointed by the State Superintendent of Public Instruction; (c) three by the Senate Majority Leader; (d) three by the Speaker of the Assembly; (e) one by the Senate Minority Leader; and (f) one by the Assembly Minority Leader. Specify that the Governor would appoint the chairperson of the Commission. Require that the Commission consider the system for funding K-12 education in the state, including the following issues: (a) school district revenue limits; (b) the equalization aid formula; (c) school finance equity; (d) the qualified economic offer provision; (e) school district health insurance costs; and (f) any other issues the Governor, the Senate Majority Leader, the Speaker of the Assembly, the Senate Minority Leader and the Assembly Minority Leader requests the Commission to consider. Require the Commission to submit its report, including any recommendations for modifications to the K-12 school funding system, to the Governor, State Superintendent of Public Instruction and the Legislature by January 1, 2004. Specify that the Commission would terminate upon submission of its report.

Provide \$10,000 GPR in 2003-04 for the Commission's expenses in the existing DOA appropriation for the expenses of committees created by law or executive order. The fiscal

effect of this item is shown under "Administration -- General Programs."

Veto by Governor [A-10]: Delete provision.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.505(4)(ba)) and 9141(2c)]

Categorical Aids

1. AID TO MPS REDUCTION

PR	- \$2,820,000
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Governor/Legislature: Reduce funding by \$1,410,000 annually and delete the appropriation for aid to Milwaukee Public Schools (MPS). In 2002-03, MPS used \$910,000 of this funding for daycare kindergarten programs and \$500,000 for alternative education programs. This appropriation is funded with Temporary Assistance to Needy Families (TANF) funds transferred from the Department of Workforce Development.

Delete current law requiring that MPS contract with private day care centers to provide early childhood education to 4- and 5-year-olds who are residents of the City. Delete related requirements that: (a) at least 75% of participating children are children who have a parent who is eligible for TANF day care funds, is in need of child care services funded under TANF, is a school age parent, or who have language, psychomotor development, social, behavioral or educational problems that warrant intervention; (b) MPS pay the day care centers for each FTE pupil served under the contract an amount equal to at least 80% of the average per pupil cost for kindergarten pupils enrolled in the school district; and (c) MPS evaluate the success of the program by collecting data on the appropriate placements for the pupils at the end of the first grade or by another method.

Delete current law requiring that MPS annually submit to the Governor a proposal for the expenditure of the funds provided in the aid to MPS appropriation, which the Governor annually submits to the Joint Committee on Finance (JFC) and to the appropriate standing committees of the Legislature, subject to a JFC passive review process ending by June 30.

Under the alternative education program for Learnfare pupils, delete current law requiring that MPS contract with private agencies located in the school district to provide the program to 50% of the participating pupils and pay the agencies an amount equal to at least 80% of the average per pupil cost for MPS. Delete current law requiring that DPI make payments to MPS for this program and that MPS use state equalization aids to continue funding for pupils participating in this program.

[Act 33 Sections: 352, 520, and 2024 thru 2031]

2. SPECIAL EDUCATION

GPR	\$5,875,700
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Joint Finance/Legislature: Provide \$785,500 in 2003-04 and \$5,090,200 in 2004-05 for special education aid. Total funding for this purpose would increase from the base level of \$315,681,400 in 2002-03 to be \$316,466,900 in 2003-04 and \$320,771,600 in 2004-05, which would represent increases of 0.25% in 2003-04 and 1.36% in 2004-05 over the prior year.

3. DRIVER EDUCATION [LFB Paper 615]

GPR	- \$4,804,700
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Joint Finance/Legislature: Reduce the driver education categorical aid by \$500,000 in 2003-04 to reflect estimated declines in claims by school districts. Delete \$4,304,700 and repeal the aid program in 2004-05.

Under current law, school districts receive \$100 for each high school pupil who successfully completes the classroom and behind-the-wheel phases of a driver education course. Base level funding is \$4,304,700 annually.

[Act 33 Sections: 351d, 393m, 1993v, 1998k, 2042c, 2042f, 2042h, and 9441(1m)]

4. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION (SAGE)

Joint Finance/Legislature: Allow currently participating school districts to choose not to comply with the requirement to reduce class size to 15 in grades two or three for any school participating in the SAGE program. If a school district would decide not to reduce class sizes in either second or third grades in a school, the school district would forgo the aid it otherwise would have received under the program of \$2,000 per low-income pupil in those grades in that school.

Create a sum sufficient supplemental appropriation for special education aid, effective July 1, 2004. Specify that this appropriation would equal the amounts lapsed to the general fund in the previous fiscal year from the appropriations for the SAGE program.

Because information is not available on whether school districts would choose not to reduce class sizes in grades two and three in their SAGE schools, no fiscal effect is identified for this provision.

Veto by Governor [A-2]: Delete provision.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.255(2)(bb)), 351b, 1998m, 1998n, 1998no, 1999c, 1999n, 2009m, 2021m, 2021n, 2021no, 2021nr, and 9441(1z)]

5. SCHOOL LIBRARY AID REESTIMATE

SEG	- \$2,000,000
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Governor/Legislature: Reduce funding by \$2,500,000 in 2003-04 and provide an increase of \$500,000 in 2004-05 from base level funding of \$28,500,000 as a reestimate of the amount of income from the common school fund that will be available to distribute to school libraries.

6. TEACHER LICENSING FEE FOR MENTORING

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$1,500,000	- \$1,500,000	\$0

Joint Finance/Legislature: Require DPI to increase fees for initial in-state and renewal teacher and administrator licenses from \$100 to \$150, effective July 1, 2004. Create a separate program revenue appropriation under DPI to receive all revenues generated by the \$50 increase and provide \$1,500,000 PR in 2004-05. Require DPI to distribute from this appropriation grants to all school districts to fund mentoring for initial educators, as required under chapter PI 34, Wisconsin Administrative Code. Require that the grants be distributed based on the number of full-time equivalent teachers employed by each district.

Veto by Governor [A-8]: Delete provision.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.255(2)(hg)), 348m, 351f, 1993g, 1993r, 1995m, and 9341(5f)]

7. HEAD START SUPPLEMENT REDUCTION

PR	- \$425,000
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Governor/Legislature: Reduce funding by \$212,500 annually from base level funding of \$3,712,500 for the Head Start state supplement. This appropriation is funded with Temporary Assistance for Needy Families (TANF) funds transferred from the Department of Workforce Development.

8. AODA PROGRAM

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$149,800	- \$110,200	\$39,600

Governor: Provide \$74,900 annually for the alcohol and other drug abuse program as a reestimate of projected penalty assessment revenues collected by the state through certain fines and forfeitures.

Joint Finance/Legislature: Reduce funding by \$102,300 in 2003-04 and \$7,900 in 2004-05 for across-the-board reductions relating to monies from the penalty assessment receipts fund. Total funding from this appropriation for AODA categorical aids to school districts after these reductions would be \$1,471,200 in 2003-04 and \$1,565,600 in 2004-05.

9. ALTERNATIVE SCHOOL AMERICAN INDIAN LANGUAGE AND CULTURE EDUCATION PROGRAM

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$80,000	- \$520,000	- \$440,000

Governor: Provide \$40,000 annually for the alternative school American Indian language and culture education program as a reestimate of projected revenues from the state's Indian gaming compacts.

Joint Finance/Legislature: Delete \$260,000 annually and eliminate the alternative school American Indian language and culture education categorical aid program.

[Act 33 Sections: 351m, 610m, and 1998g]

10. MEDICAID SCHOOL BASED SERVICES

Governor/Legislature: Require that DPI lapse to the general fund, from the aids for special education and school age parents appropriation, an amount equal to the amount paid by the Department of Health and Family Services (DHFS) under the supplementary payment for school medical services. Specify that costs eligible for reimbursement from the special education aids appropriation be reimbursed at a rate set to distribute the full amount appropriated, less the amount paid by DHFS under the supplementary payment for school medical services. Provide that these lapses would occur on dates determined by the Secretary of Administration. See "Health and Family Services -- Health Care Financing -- Payments, Services and Eligibility" for more information.

[Act 33 Sections: 351 and 1999]

Choice and Charter

1. MILWAUKEE PARENTAL CHOICE PROGRAM REESTIMATE

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	\$11,139,100	- \$2,084,200	\$3,547,500	\$12,602,400
GPR-Lapse	<u>5,012,600</u>	<u>- 937,900</u>	<u>1,596,400</u>	<u>5,671,100</u>
Net	\$6,126,500	- \$1,146,300	\$1,951,100	\$6,931,300

Governor: Provide \$2,310,400 in 2003-04 and \$8,828,700 in 2004-05 over the base year funding of \$68,250,000 in the appropriation for payments under the Milwaukee parental choice program. The administration estimates that 11,721 students in 2003-04 and 12,307 students in 2004-05 will participate in the program, and that per pupil payments under the program under current law would equal an estimated \$6,020 in 2003-04 and \$6,263 in 2004-05. Under current law, \$70,560,400 in 2003-04 and \$77,078,700 in 2004-05 would be appropriated for the choice program.

The estimated cost of the payments from the choice program appropriation is partially offset by a reduction in the general school aids otherwise paid to the Milwaukee Public Schools (MPS) by an amount equal to 45% of the total cost of the choice program. Under revenue limits, MPS may levy property taxes to make up for the amount of aid lost due to this reduction. As a result, the general fund pays for 55% of the choice program and MPS for 45%. Under current law, the MPS choice reduction would increase by \$1,039,700 in 2003-04 and \$3,972,900 in 2004-05 over the base choice reduction amount. The net general fund fiscal effect of this reestimate would be to increase expenditures by \$1,270,700 in 2003-04 and \$4,855,800 in 2004-05 over the 2002-03 base level.

Joint Finance/Legislature: Delete \$1,248,900 in 2003-04 and \$835,300 in 2004-05 from the choice program appropriation. Adjust the MPS general school aid reduction by -\$562,000 GPR-Lapse in 2003-04 and -\$375,900 GPR-Lapse in 2004-05. The net effect of this reestimate would be to decrease GPR expenditures by \$686,900 in 2003-04 and \$459,400 in 2004-05.

These reestimates result from two changes. First, based on the general school aids funding appropriations, reestimate the maximum choice payments to be \$5,882 in 2003-04 and \$5,943 in 2004-05 (compared to \$5,838 in 2003-04 and \$5,866 in 2004-05 under the Governor). Second, based on the four-year-old kindergarten provisions adopted, reestimate choice membership to be 11,421 in 2003-04 and 12,007 in 2004-05 (compared to 11,721 in 2003-04 and 12,307 in 2004-05 under the Governor).

Veto by Governor [A-1]: As a result of vetoing the change to four-year-old kindergarten membership provisions, estimated choice payments would increase by \$1,764,600 in 2003-04 and \$1,782,900 in 2004-05. Adjust the MPS general school aid reduction by \$794,100 GPR-Lapse

in 2003-04 and \$802,300 GPR-Lapse in 2004-05. The net effect of the veto would be to increase GPR expenditures by \$970,500 in 2003-04 and \$980,600 in 2004-05.

Under Act 33, total choice payments are estimated to be \$68,943,600 in 2003-04 and \$73,135,500 in 2004-05.

2. MILWAUKEE PARENTAL CHOICE PROGRAM PAYMENT AMOUNT [LFB Paper 625]

GPR	- \$7,023,300
GPR-Lapse	- <u>3,160,500</u>
Net	- \$3,862,800

Governor: Specify that the amount paid per pupil under the Milwaukee parental choice program would be equal to the lesser of: (a) the private school's operating and debt service cost per pupil related to educational programming, as determined by DPI; or (b) the amount paid per pupil in the prior school year adjusted by the percent change in the general school aids appropriations from the previous school year to the current school year. Provide that if that percent change is a negative number, the per pupil payment would not change from the prior year. Specify that this change would first apply to payments made in 2003-04. Under current law, for each pupil attending a choice school, the state pays the parent or guardian an amount that is equal to the lesser of: (a) the private school's operating and debt service cost per pupil related to educational programming; or (b) the amount paid per pupil in the previous school year plus the amount of the per pupil revenue limit increase provided to public school districts under revenue limits in the current year.

Based on the general school aids appropriations from the general and transportation funds in the bill, the per pupil payment under the choice program would be \$5,838 in 2003-04 and \$5,866 in 2004-05, rather than \$6,020 in 2003-04 and \$6,263 in 2004-05 as estimated under current law. The choice payment appropriation would be reduced by \$2,132,500 in 2003-04 and \$4,890,800 in 2004-05 compared to the current law reestimate as a result of this change. In addition, the 45% MPS choice reduction would be reduced by \$959,600 in 2003-04 and \$2,200,900 in 2004-05. The net general fund fiscal effect of this item would be to reduce expenditures by \$1,172,900 in 2003-04 and \$2,689,900 in 2004-05.

Joint Finance/Legislature: Approve the Governor's recommendation as it relates to the annual increase in the per pupil payment amounts with the reestimates noted under Item 1.

[Act 33 Sections: 2023 and 9341(2)]

3. MILWAUKEE PARENTAL CHOICE PROGRAM STUDENT ELIGIBILITY

Joint Finance/Legislature: Modify student eligibility for the choice program as follows: (a) delete the limit on the number of pupils who can participate in the program, which is set at 15 percent of MPS membership under current law; (b) specify that a pupil who attends a choice school would remain eligible to participate in the program even if the pupil's family no longer meets the program's income criteria of 175 percent of the federal poverty level; and (c) delete the prior-year participation requirements for pupils entering the program, under which, in the school

year prior to their initial enrollment in a choice school, a child is required to have been either enrolled in MPS, the choice program or grades kindergarten through three in private schools located in the City of Milwaukee, or not enrolled in school.

Specify that these changes would first apply to pupils in the 2004-05 school year.

Veto by Governor [A-4]: Delete provision.

[Act 33 Vetoed Sections: 2022d, 2022h, 2022p, 2022t, and 9341(4m)]

4. MILWAUKEE PARENTAL CHOICE PROGRAM SCHOOL ELIGIBILITY

Joint Finance/Legislature: Specify that schools located in Milwaukee County, rather than only the City of Milwaukee as under current law, that meet the current law eligibility criteria could accept students in the choice program, beginning with the 2004-05 school year.

Veto by Governor [A-4]: Delete provision.

[Act 33 Vetoed Sections: 2022d and 9341(4m)]

5. MILWAUKEE-RACINE CHARTER SCHOOLS PROGRAM REESTIMATE

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	\$42,024,500	- \$3,851,100	\$1,132,900	\$39,306,300
GPR-Lapse	<u>42,024,500</u>	<u>- 3,851,100</u>	<u>1,132,900</u>	<u>39,306,300</u>
Net	\$0	\$0	\$0	\$0

Governor: Provide \$16,697,100 in 2003-04 and \$25,327,400 in 2004-05 above base level funding of \$18,800,000.

Under current law, the Common Council of the City of Milwaukee, the Chancellor of the University of Wisconsin-Milwaukee, and the Milwaukee Area Technical College Board are authorized to operate or contract to operate charter schools located within the Milwaukee Public Schools. The Chancellor of the University of Wisconsin-Parkside is authorized to operate or contract to operate one charter school located within the Racine Unified School District (RUSD). There are currently 11 charter schools participating in the program, including one that UW-Parkside chartered in 2002-03. A total of 3,626 students are attending these charter schools in 2002-03, and the aid per student is \$6,951.

The administration estimates that 4,644 students will be enrolled in the program in 2003-04. Under current law, aid per student would be an estimated \$7,188. In 2004-05, it is estimated that 5,644 students will participate and, under current law, the aid per student would be an estimated \$7,431. Charter schools would receive \$33,381,100 in 2003-04 and \$41,941,400 in 2004-05.

Under 2001 Act 16, the RUSD will receive an additional categorical aid based on the amount of general equalization aid it receives in the current year multiplied by the number of students attending the charter school who were previously enrolled in the RUSD. In 2003-04, it is estimated that the RUSD will be eligible to receive \$5,290 in general equalization aid per pupil. It is assumed that 400 students previously enrolled in the RUSD will attend the charter school, which is the maximum number allowed under current law. In 2004-05, it is assumed that the RUSD will be eligible to receive \$5,465 in general equalization aid and 400 students will attend the charter school. The RUSD would receive \$2,116,000 in 2003-04 and \$2,186,000 in 2004-05.

Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all 426 public school districts. Under revenue limits, school districts may levy property taxes to make up for the amount of aid lost due to these aid reductions.

Joint Finance/Legislature: Reestimate the charter schools appropriation by -\$2,186,000 in 2003-04 and -\$1,665,100 in 2004-05, due to the following changes. Based on the general school aids funding provision adopted by the Committee, reestimate the charter payments to be \$7,050 in 2003-04 and \$7,111 in 2004-05. Based on the four-year-old kindergarten provisions adopted by the Committee, and a reestimate of the Racine charter school membership, reestimate charter membership to be 4,470 in 2003-04 and 5,521 in 2004-05. Reestimate the Racine Unified School District charter school payment based on an estimated 180 pupils being eligible for the payment in each of the next two years, and reestimate the Racine Unified School District equalization aid amount to be \$5,291 in 2003-04 and \$5,339 in 2004-05.

Veto by Governor [A-1]: As a result of the Governor's veto of the four-year-old kindergarten provisions, reestimate the charter schools appropriation by \$564,000 in 2003-04 and \$568,900 in 2004-05. The statewide aid reduction for the charter program would increase by the same amounts.

**6. MILWAUKEE-RACINE CHARTER SCHOOLS PROGRAM --
PAYMENT AMOUNT [LFB Paper 625]**

GPR	- \$3,078,600
GPR-Lapse	- <u>3,078,600</u>
Net	\$0

Governor: Modify current law to require that the Department pay to operators of Milwaukee-Racine charter schools an amount equal to the sum of the amount paid per pupil in the previous school year and the increase in the per pupil amount paid to private schools under the Milwaukee parental choice program (MPCP), multiplied by the number of pupils attending the charter school. Modify current law to require that the MPCP per pupil amount would be the sum of the previous year's payment and the percentage change provided for general equalization aids to school districts in the current year. Specify that the amount paid per pupil may not be less than the amount paid per pupil in the previous school year. Provide that these changes would first apply to payments in 2003-04.

Based on the general school aids appropriations from the general school aids appropriation from the general and transportation funds in the bill, the per pupil payment amount for these charter schools would be \$7,006 in 2003-04, and \$7,034 in 2004-05, rather than \$7,188 and \$7,431 as estimated under current law. The charter program appropriation would be reduced by \$840,300 in 2003-04 and \$2,238,300 in 2004-05 compared to the current law reestimate as a result of this change. General fund lapse amounts would be reduced correspondingly.

Under current law, DPI is required to the operators of these charter schools an amount equal to the sum of the amount paid per pupil in the previous school year and the amount of revenue increase per pupil allowed under revenue limits, multiplied by the number of pupils attending the charter school. In 2002-03, the per pupil revenue limit adjustment was \$230. Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all 426 public school districts. Under revenue limits, school districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

Joint Finance/Legislature: Approve the Governor's recommendation as it relates to the annual increase in the per pupil payment amount with reestimates noted under Item 5.

[Act 33 Sections: 2021, 2023, and 9341(2)]

7. MILWAUKEE-RACINE CHARTER SCHOOLS PROGRAM ELIGIBILITY

Joint Finance: Provide that pupils residing outside of Milwaukee Public Schools (MPS) could attend Milwaukee charter schools, under the current law program where these schools are sponsored by the City of Milwaukee and the UW-Milwaukee. Eliminate the current law requirement that pupils attending Milwaukee charter schools under this program must in the previous school year have been: (a) enrolled in MPS; (b) attending a Milwaukee choice school; (c) enrolled in a non-choice private school in the City of Milwaukee in grades kindergarten to three; (d) not enrolled in school; or (e) enrolled in school under Milwaukee and Racine charter school program. Specify that school districts, including MPS, could transport pupils to and from a charter school.

Because information is not available on the number of pupils who would be affected by this provision and would attend these charter schools, no fiscal effect is shown for this item.

Senate/Legislature: Clarify the provision specifying that school districts, including MPS, could transport pupils to and from a charter school.

Veto by Governor [A-5]: Delete provision.

[Act 33 Vetoed Sections: 2020g, 2020k, and 2042k]

8. RACINE CHARTER SCHOOL PUPIL LIMITS [LFB Paper 626]

Joint Finance/Legislature: Delete the current limit of 400 on the number of pupils who may attend the charter school operated by the UW-Parkside in the Racine Unified School District (RUSD). Establish a limit of 400 on the number of pupils for which the RUSD may receive payment under current law, who are attending this charter school and previously attended RUSD.

Because enrollment at this charter school is projected to be less than 400 in the 2003-05 biennium, no fiscal effect is identified for the provision eliminating the 400 pupil limit on the number of pupils who may attend this school. Similarly, because it is estimated that RUSD will receive payments for 180 pupils attending this charter school each year in the 2003-05 biennium, no fiscal effect is shown for the proposed 400 pupil limit on the number of pupils for which RUSD could receive these payments.

Veto by Governor [A-6]: Delete provision.

[Act 33 Vetoed Sections: 2020m and 2021f]

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$0	0.00	\$57,200	0.00	\$57,200	0.00
GPR	-\$277,400	0.00	-\$43,400	0.00	-\$320,800	0.00
FED	4,561,600	0.00	- 11,600	0.00	4,550,000	0.00
PR	<u>219,200</u>	<u>-1.00</u>	<u>- 2,200</u>	<u>0.00</u>	<u>217,000</u>	<u>-1.00</u>
Total	\$4,503,400	-1.00	-\$57,200	0.00	\$4,446,200	-1.00

Governor: Adjust the base budget by -\$277,400 GPR, \$4,561,600 FED and \$219,200 PR for: (a) turnover reduction (-\$373,600 GPR and -\$279,500 FED annually); (b) removal of noncontinuing items from the base (-\$222,900 GPR annually and -\$38,000 PR in 2003-04 and -\$75,800 PR in 2004-05 and -1.0 PR position); (c) full funding of continuing position salaries and fringe benefits (\$90,600 GPR, \$2,501,600 FED, and \$150,900 PR annually); (d) overtime (\$287,500 GPR, \$52,500 FED, and \$14,300 PR annually); (e) night and weekend differential (\$58,000 GPR, \$400 FED, and \$200 PR annually); and (f) fifth week of vacation as cash (\$21,700 GPR, \$5,800 FED, and \$1,100 PR annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-\$21,700 GPR, -\$5,800 FED, and -\$1,100 PR annually). Require the agency to lapse to the general fund a total of \$28,600 annually from those FED and PR accounts from which these fifth week of vacation as cash payments had been budgeted. Specify that no lapse or transfer would be made if it would violate a condition imposed by the federal government on the use of the monies or if it would violate state law or the federal or state constitution. Estimate GPR-REV of \$28,600 annually.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$5,164,000	- 18.00	-\$1,571,000	0.00	-\$6,735,000	- 18.00
FED	0	- 5.00	0	0.00	0	- 5.00
PR	0	- 2.00	0	0.00	0	- 2.00
Total	-\$5,164,000	- 25.00	-\$1,571,000	0.00	-\$6,735,000	- 25.00

Governor: Reduce funding by \$2,582,000 GPR annually and 18.0 GPR, 5.0 FED, and 2.0 PR positions, beginning in 2003-04, for DPI state operations as shown in the following table:

	Adjusted Base for These <u>Appropriations</u>	<u>Reduction Amount</u>		<u>% Change to Base</u>	
		<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
General Program Operations	\$11,192,200	-\$1,119,200	-\$1,119,200	-10.0%	-10.0%
General Program Operations--Program for the Deaf and Center for the Blind	10,110,300	-1,011,000	-1,011,000	-10.0	-10.0
Pupil Assessment	3,485,600	-348,600	-348,600	-10.0	-10.0
Library Service Contracts	<u>1,031,700</u>	<u>-103,200</u>	<u>-103,200</u>	-10.0	-10.0
Total	\$25,819,800	-\$2,582,000	-\$2,582,000	-10.0%	-10.0%

	<u>Position Reduction</u>	
General Program Operations	-10.00	GPR
General Program Operations--Program for the Deaf and Center for the Blind	-8.00	GPR
Personnel Certification	-1.00	PR
Data Processing	-1.00	PR
Federal Aids--Program Operations	<u>-5.00</u>	FED
Total	-25.00	

Joint Finance/Legislature: Modify the Governor's recommendation to reduce funding by an additional \$785,500 annually. Delete \$559,600 from general program operations, \$174,300

from pupil assessment, and \$51,600 from library service contracts in 2003-04 and in 2004-05. These amounts represent an additional 5% reduction for DPI state operations, excluding the residential schools.

3. AODA PROGRAM ADMINISTRATION FUNDING

PR	- \$56,000
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Joint Finance/Legislature: Reduce funding by \$52,000 in 2003-04 and \$4,000 in 2004-05 for across-the-board reductions relating to monies from the penalty assessment receipts fund. Total funding for AODA program administration and fellowship grants after these reductions would be \$748,000 in 2003-04 and \$796,000 in 2004-05.

4. VOCATIONAL EDUCATION CONSULTANTS

Governor/Legislature: Modify the statutory requirement that the Department provide consultants for the following subjects from 2.0 positions each to 1.0 position each: (a) agriculture education; (b) business education; (c) technology education; (d) family and consumer sciences education; and (e) marketing education. Also, modify the requirement that 1.0 consultant be provided for health science education to instead require 0.5 consultant.

[Act 33 Section: 1995]

5. POSITION DELETIONS

Positions	
PR	- 2.35

Governor/Legislature: Delete authority for 2.35 PR positions in the Department's personnel certification appropriation. This position reduction would offset 2.35 FED positions previously authorized by DOA in the federal aids -- program operations appropriation.

6. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 0.20	0.20	0.00
FED	- 1.75	1.75	0.00
PR	<u>- 0.05</u>	<u>0.05</u>	<u>0.00</u>
Total	- 2.00	2.00	0.00

Governor: Delete 0.2 GPR position, 1.75 FED positions, and 0.05 PR positions to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate \$17,000 GPR, \$4,600 PR, and \$148,900 FED in 2003-04 and \$22,700 GPR, \$6,100 PR, and \$198,500 FED in 2004-05 to DPI's supplies and services budget to pay for legal services supplied by DOA. The

agency's chief counsel position would not be subject to transfer to DOA under the Governor's recommendation.

Joint Finance/Legislature: Delete provision. Instead, delete any agency attorney positions that are vacant as of January 2, 2004. Require the Secretary of DOA to ensure that a total of 31.0 FTE executive branch agency attorney positions are deleted on January 2, 2004, excluding the UW System. If fewer than 31.0 FTE attorney positions are vacant, then the Secretary must delete additional non-vacant attorney positions from executive state agencies, excluding the UW System so that a total of 31.0 FTE are deleted. Require all state agencies that have a non-federally supported position deleted under this provision to lapse an amount equal to the position salary and fringe benefits budgeted for the period after January 2, 2004, to the general fund.

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

7. PUBLIC LIBRARY SYSTEM AID [LFB Paper 630]

GPR	- \$4,223,800
SEG	<u>4,223,800</u>
Total	\$0

Governor: Reduce funding by \$2,111,900 GPR annually and provide \$2,111,900 SEG annually for public library system aid. Create a SEG appropriation to be funded from the universal service fund (USF) to supplement the current GPR appropriation. The USF receives its funding from pass-through assessments on annual gross operating revenues from intrastate telecommunications providers.

As drafted, the Governor's recommendation does not include modifications to: (a) the statutory purposes of the universal service fund to permit its use for making supplemental aid payments to public library systems; or (b) the statutory enumeration of appropriations used by the Public Service Commission in setting the annual amount of universal service fund assessments of telecommunications providers. Both modifications would be required to achieve the Governor's intent to provide supplemental aid payments to public library systems.

Joint Finance/Legislature: Modify the Governor's recommendation to specify that no monies could be encumbered from the USF-funded appropriation after June 30, 2005. Further, modify the Governor's recommendation to provide that telecommunications providers that adjust rates to recover all or part of assessments relating to non-PSC programs funded from the USF, would have to identify on customers' bills a single amount that is the total amount of the adjustment. This requirement would take effect on the first day of the fifth month beginning after the effective date of the bill. In addition, modify the Governor's recommendations to

provide statutory language that would: (a) include the payment of supplemental public library system aid as an authorized use of the universal service fund; (b) enumerate the SEG appropriations funding supplemental public library system aid, telecommunications access grants to state schools and telecommunications access grants to secured juvenile correctional facilities under the listing of appropriations used by the PSC to set annual universal service fund assessments; and (c) insert correct references to DOA appropriations in various universal service fund-supported TEACH Board appropriations being transferred under the Committee's recommendation to DOA.

Veto by Governor [A-13]: Delete the requirement that no monies could be encumbered from the USF-funded appropriation after June 30, 2005. In addition, delete the provision requiring telecommunications providers to identify on customers' bills the adjustment amounts related to non-PSC assessments.

[Act 33 Sections: 354, 1030 thru 1032, 2311e, and 2317c]

[Act 33 Vetoed Sections: 354, 2311m, 2311s, and 9443(1qz)]

8. NATIONAL TEACHER CERTIFICATION REESTIMATE [LFB Paper 631]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$927,500	- \$62,500	\$865,000

Governor: Provide \$262,500 in 2003-04 and \$665,000 in 2004-05 above base level funding of \$282,500 for the national teacher certification incentive program. Under current law, DPI provides initial grants in an amount equal to the costs of obtaining the certification that are not supported through other funding sources, up to \$2,000, to teachers certified by the National Board for Professional Teaching Standards. For nine consecutive years following the initial grant, DPI awards grants of \$2,500 yearly to eligible teachers. DPI estimates that there will be 65 newly certified and 68 continuing teachers in 2002-03. DPI estimates that there will be 125 new teachers certified in 2003-04 and 200 in 2004-05.

Joint Finance/Legislature: Modify the Governor's recommendation by -\$40,000 in 2003-04 and -\$22,500 in 2004-05 to reestimate the amounts needed to fully fund the program.

9. GED OR HIGH SCHOOL EQUIVALENCY PROCESSING CHARGE

	Funding Positions	
GPR	-\$152,300	- 1.00
PR	<u>168,900</u>	<u>1.00</u>
Total	\$16,600	0.00

Governor/Legislature: Delete \$50,300 GPR and 0.5 GPR position in 2003-04 and \$102,000 GPR and 1.0 GPR position in 2004-05 from the Department's largest state operations appropriation. Provide \$50,300 PR and 0.5 PR position in 2003-04 and \$118,600 and 1.0 PR position in 2004-05 in a new program revenue appropriation for administrative costs for issuing a declaration of equivalency of high

school graduation or a general educational development (GED) certificate. Allow DPI to promulgate rules establishing these fees, which would be credited to this new PR appropriation. Provide that the rules may provide exemptions from the fees based on financial need.

[Act 33 Sections: 349, 1996, and 1997]

10. DEBT SERVICE REESTIMATES [LFB Paper 195]

GPR	\$126,700
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Governor/Legislature: Provide \$116,300 in 2003-04 and \$10,400 in 2004-05, above base level funding of \$1,113,200, as a reestimate of debt service costs.

11. FUEL AND UTILITY REESTIMATES

GPR	\$6,700
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Governor/Legislature: Provide \$2,300 in 2003-04 and \$4,400 in 2004-05 to reflect estimated costs for fuel and utilities.

12. FEDERAL REVENUE REESTIMATES

FED	\$272,214,800
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Governor/Legislature: Reestimate federal revenues by \$136,227,200 in 2003-04 and \$135,987,600 in 2004-05, including: (a) federal aids -- program operations (\$17,084,800 annually); (b) indirect cost reimbursements (\$720,700 in 2003-04 and \$481,100 in 2004-05); (c) federal aids -- local aid (\$114,984,900 annually, primarily related to the 2001 No Child Left Behind legislation reauthorizing the Elementary and Secondary Education Act); (d) federal funds -- local assistance (-\$188,100 annually); and (e) federal aids -- individuals and organizations (\$3,624,900 annually).

13. PROGRAM REVENUE REESTIMATES

PR	\$2,852,400
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Governor/Legislature: Reestimate program revenues by \$1,335,200 in 2003-04 and \$1,517,200 in 2004-05, including: (a) student activity therapy (-\$2,500 annually); (b) personnel certification (\$130,000 in 2003-04 and \$230,000 in 2004-05); (c) professional services center charges (\$20,000 annually); (d) gifts, grants, and trust funds (\$490,000 in 2003-04 and \$540,000 in 2004-05); (e) funds transferred from other state agencies -- program operations (\$357,200 annually); (f) library products and services (-\$410,700 annually); (g) pupil transportation for residential schools (-\$54,000 in 2003-04 and -\$22,000 in 2004-05); (h) leasing of space for residential schools (-\$30,000 annually); (i) services for residential schools (\$23,000 annually); and (j) funds transferred from other state agencies -- local aids (\$812,200 annually).

14. BADGERLINK

SEG	\$130,000
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Governor/Legislature: Provide \$36,700 in 2003-04 and \$93,300 in 2004-05 above base level funding of \$1,850,200 for full-text database services for libraries. This funding is drawn from the universal service fund.

15. ELKS AND EASTER SEALS CENTER

GPR	\$50,000
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Joint Finance/Legislature: Provide \$25,000 in 2003-04 and in 2004-05 for aid to the Elks and Easter Seals respite and recreation center, which has base level funding of \$50,000

16. GRANT TO BELOIT COLLEGE [LFB Paper 616]

PR	- \$100,000
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Joint Finance/Legislature: Delete \$50,000 in 2003-04 and in 2004-05 and repeal the grant to Beloit College for Native American culture education

[Act 33 Sections: 351g, 610g, and 1995h]

17. FEDERAL ADMINISTRATIVE FUNDING

Joint Finance/Legislature: Require that DPI annually submit for approval under a 14-day passive review by Joint Finance its plans for any use of federal funding for administrative purposes.

Veto by Governor [A-9]: Delete provision.

[Act 33 Vetoed Section: 1995t]

18. HIGH SCHOOL GRADUATION TEST

Governor/Legislature: Delete the current law requirement that the Department develop a high school graduation test (HSGT). Delete the requirement that school boards and charter school operators adopt an HSGT, as well as the requirement that they administer an HSGT beginning in 2004-05. Delete the requirement that a pupil's score on the HSGT be recorded on the pupil's transcript. Delete the requirement that school boards and charter school operators include a pupil's score on the HSGT among the criteria for granting a high school diploma. Delete references to the HSGT from the definition of a child-at-risk and from the criteria for payment of state aid under the children-at-risk categorical aid program.

[Act 33 Sections: 2006, 2008, and 2010 thru 2019]

19. DELETE APPROPRIATION USED FOR ONE-TIME GRANTS

Joint Finance/Legislature: Delete an appropriation that was used for one-time funding for special counselor grants, and eliminate related statutory provisions. This appropriation was funded with \$50,000 PR from tribal gaming revenues in 2001-02.

[Act 33 Sections: 351j, 610c, and 1995d]

20. TRANSFER TEACH [LFB Paper 712]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	\$11,898,400	0.00	- \$11,898,400	0.00	\$0	0.00
FED	8,830,000	0.50	- 8,830,000	- 0.50	0	0.00
PR	8,325,000	0.50	- 8,325,000	- 0.50	0	0.00
SEG	<u>33,786,500</u>	<u>1.00</u>	<u>- 33,786,500</u>	<u>- 1.00</u>	<u>0</u>	<u>0.00</u>
Total	\$69,839,900	2.00	- \$69,839,900	- 2.00	\$0	0.00

Governor: Eliminate the TEACH Board and transfer the following programs and related funding to DPI.

Telecommunications access. Transfer the telecommunications access program and associated funding to DPI, as shown in the following table. Provide \$108,900 SEG annually and 1.0 position for administration, beginning in 2003-04, which would be included in the appropriation for school districts, cooperative educational service agencies (CESAs), and charter schools.

<u>Purpose</u>	<u>2003-04</u>	<u>2004-05</u>	<u>Fund Source</u>
School Districts, CESAs and Charter Schools	\$10,893,400	\$11,324,200	SEG
Private Colleges, Technical Colleges and Libraries	4,735,500	5,066,000	SEG
Private K-12 Schools	708,100	701,300	SEG
State Residential Schools	75,000	68,200	SEG
Secured Juvenile Corrections Facilities	112,500	102,300	SEG

This program is funded from the state universal service fund that receives revenues through assessments on annual gross operating receipts from intrastate telecommunications providers, which they are allowed to fully recover through an adjustment applied to subscribers' local exchange service rates.

Infrastructure financial assistance. Transfer the infrastructure financial assistance program and associated debt service funding to DPI, as shown in the following table.

<u>Purpose</u>	<u>2003-04</u>	<u>2004-05</u>	<u>Fund Source</u>
Debt Service for K-12 Schools	\$5,197,200	\$6,467,800	GPR
Debt Service for Public Libraries	73,900	159,500	GPR
Debt Service for K-12 Schools--Local Share	3,206,800	4,487,000	PR
Debt Service for Public Libraries--Local Share	72,700	158,200	PR

E-rate. Transfer state administration of the E-rate program and associated funding to DPI. Provide \$4,415,000 FED annually in federal E-rate aid, including \$35,000 annually and 0.5 position for DPI's administration of the E-rate program. The Education Rate, or E-rate program, was created by the Federal Telecommunications Act of 1996, and it is administered by the Schools and Libraries Division of the Universal Service Administrative Company, attached to the Federal Communications Commission. E-rate discounts on telecommunications services are provided according to a community's low-income population and rural or urban status.

GWETC. Transfer administration of the Governor's Wisconsin Educational Technology Conference (GWETC) and associated funding to DPI. Provide \$188,900 PR in 2003-04 and \$211,400 PR in 2004-05, including \$31,400 annually for 0.5 position for administration of the GWETC.

WATF. Transfer the Wisconsin Advanced Telecommunications Foundation (WATF) assessments appropriation to DPI. Provide that monies received by the WATF assessments appropriation be used to promote the use of educational technology in the state, rather than offset the block grants appropriation as under current law.

Provide that the incumbent employees transferred from TEACH to DPI would retain all employment rights and status that they held prior to the transfer and that no transferred employee who had attained permanent status in the classified service would be required to serve a new probationary period.

Allow DPI to enter into cooperative purchasing agreements under which participating school districts and CESAs may contract for their professional employees to receive training concerning the effective use of technology.

Transfer from TEACH to DPI all assets, liabilities, tangible personal property, and records that are primarily related to the functions of TEACH, as determined by the Secretary of DOA. Transfer all outstanding loans made under the infrastructure financial assistance program from TEACH to DPI. Provide that all contracts entered into by TEACH or DOA on behalf of TEACH that were in effect prior to the transfer would remain in effect until their specified expiration date or until they were rescinded or modified by DPI. Specify that all rules promulgated and orders issued by TEACH that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by DPI. Provide that any pending matters would transfer to DPI and all materials submitted to TEACH or actions taken by

TEACH concerning the pending matter would be considered as having been submitted to or been taken by DPI.

Clarify that the existing contracts grant portion of the telecommunications access program will sunset on December 31, 2005.

Delete the requirement that TEACH cooperate with DPI to support the development of courses for the instruction of professional employees who are licensed by the State Superintendent concerning the effective use of educational technology.

Joint Finance/Legislature: Modify the Governor's recommendation to transfer the remaining TEACH functions and related funding to DOA rather than to DPI, including the telecommunications access program, state administration of the E-rate program, the infrastructure financial assistance program, and the Governor's Wisconsin Educational Technology Conference. For DPI, this would eliminate all of the positions and funding provided under the Governor's recommendations. In making the transfer to DOA, modify the provision to reflect changes in funding approved by the Legislature which would affect the amounts transferred to DOA. Adjust the transfer amounts to DOA as follows: (a) -\$2,150,000 GPR and \$2,150,000 PR annually, relating to the infrastructure financial assistance program [Item #3 under TEACH Board]; and (b) -\$55,300 GPR in 2003-04 and -\$50,000 GPR in 2004-05 relating to debt service reestimates [Item #4 under TEACH Board]. (See the "Department of Administration -- Transfers to the Department" for more information on this transfer.)

Veto by Governor [A-14]: Delete the provision that would eliminate the requirement that DOA cooperate with DPI on the development of courses for the instruction of professional employees who are licensed by the State Superintendent concerning the effective use of educational technology, as required of TEACH under current law.

[Act 33 Sections: 95, 196d, 204d, 210d, 234d, 236d thru 238r, 360 thru 365d, 368 thru 384d, 587k, 588m thru 588r, 637d, 641d, 642d, 680, 688d, 689d, 728, 934d, 1034, 1035 thru 1088d, 1994d, 2032d, 2311d, 2312d thru 2314d, 2316d, 9101(10d), and 9150(1d)]

[Act 33 Vetoed Section: 1057d]